

A large, stylized sunburst graphic in shades of green and blue, centered on the page. The sunburst has many sharp, triangular rays radiating from a central circular core. The rays are layered, creating a sense of depth and movement. The entire graphic is set against a dark blue background.

Member Handbook

Effective as of January 1, 2000



The CalSTRS Member Handbook

was prepared by the staff of the California State Teachers' Retirement System to assist CalSTRS Defined Benefit Program members in understanding their member benefits.

The summarized data pertain to the Teachers' Retirement Law and procedures effective as of January 1, 2000. The *Member Handbook* is intended as a ready source of information about CalSTRS and not as a legal document or a substitute for the law. If differences appear between the law and the handbook, the law must prevail.

The State Teachers' Retirement Law consists of Part 13, also known as the E. Richard Barnes Act, Part 13.5 and Part 14 of Division 1 of the California Education Code. The law establishes the State Teachers' Retirement Plan, which consists of the CalSTRS Defined Benefit Program and the CalSTRS Cash Balance Benefit Program. Part 13 includes the provisions of the CalSTRS Defined Benefit Program and regulates all activities of the California State Teachers' Retirement System. Part 13.5 authorizes CalSTRS to develop a health care benefit program for members and their families. Part 14 establishes an alternative plan for part-time educators, now known as the CalSTRS Cash Balance Benefit Program.

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- George Fenimore
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Teletalk Main Menu

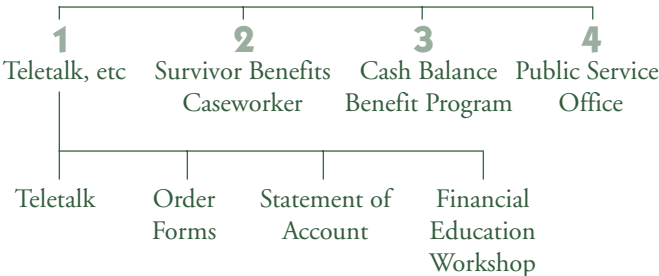




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*Lifetime
service and
security to
meet the
changing
needs of
California's
educators.*

The CalSTRS Vision

Dear Reader,

Welcome to the California State Teachers' Retirement System. I am pleased to present the latest edition of the *Member Handbook*. Whether you are just beginning your career in education or are an experienced educator, I think the handbook will answer many of the questions you have about your benefit coverage. The information in it can help you make informed decisions during your active career and prepare fully for your retirement.

As the nation's largest teachers' pension fund, our dedicated, professional and conscientious staff works hard to improve service and responsiveness to members' needs. Although we serve many—almost 633,000 active and retired members—we are committed to providing exemplary service to each and every person who calls, writes or visits CalSTRS.

Service to CalSTRS members and the security of the Teachers' Retirement Fund remain our highest priorities. We look forward to assisting you throughout your career and retirement.

Sincerely,

James D. Mosman
Chief Executive Officer







Introduction

The CalSTRS *Member Handbook* provides an overview of the programs and services administered by the California State Teachers' Retirement System. It has been prepared to answer frequently asked questions about your retirement system and to help you understand the benefits of membership in the CalSTRS Defined Benefit Program and your responsibilities as a member.

Changes in Benefits

A new benefit in this revision is Option 8, which allows you to spread your retirement allowance over your lifetime and, after your death, the lifetimes of **two or more** persons. See page 32 for details.

Statutory changes are made from time to time that affect CalSTRS benefits and that may affect any decisions you make in relation to those benefits. These changes are made by the California Legislature and the Governor. Although CalSTRS makes every effort to keep its members informed about changes in its benefit structure, it cannot safely predict

what the Legislature and Governor may do that might be of interest to you. For this reason, you should keep yourself informed about possible benefit changes by consulting the CalSTRS Web site (www.calstrs.ca.gov), the CalSTRS Public Service Office (1-800-228-5453), CalSTRS retirement counselors, your union representative (if applicable), your legislative representative and any other source that you believe may be helpful to you before you make any final decision. You are ultimately responsible for any decision you make in regard to your CalSTRS benefits.

Helpful Definitions

Creditable service and **creditable compensation** are terms that appear often in this handbook. The simple description of "creditable service" is the kind of work activities that count toward years of service for CalSTRS retirement purposes. Creditable compensation, on the other hand, is the pay that members of the CalSTRS DB Program receive for creditable service that counts for retirement purposes. The Teachers' Retirement Law defines what counts and what does not. So when you see "years that you've worked" or "salary" in this handbook, those terms refer to the total years or dollars that count for CalSTRS retirement purposes.

Another term that is used in this handbook is **allowance**, which refers to the monthly benefits paid under one of the CalSTRS retirement, disability or survivor programs.

The glossary in Section XI will help to explain other concepts and terms you will find in this handbook.

CalSTRS hopes you will refer to the *Member Handbook* often throughout your career in education. If you need additional information, other resources are listed in Section X, General Information.



INTRODUCTION





A Brief History of the California State Teachers' Retirement System

The California State Teachers' Retirement System was established by law in 1913 to provide retirement benefits to California's public school teachers. Membership in the CalSTRS Defined Benefit Program includes all employees in California public schools from kindergarten through community college in positions performing creditable service.

Teachers' Retirement Board

The California State Teachers' Retirement System is administered by the 12-member Teachers' Retirement Board. The Governor appoints eight members to serve four-year terms.

- two teacher representatives from kindergarten through twelfth grade appointed by the Governor from a list of candidates recommended by the Superintendent of Public Instruction
- a retired member of CalSTRS from a list of candidates recommended by the Superintendent of Public Instruction
- a community college instructor who has expertise in the areas of business, economics, or both, appointed from a list submitted by the Board of Governors of the California Community Colleges
- a member of the governing board of a school district or a community college district, appointed from a list of candidates recommended by the Superintendent of Public Instruction
- an insurance official
- an officer of a banking institution, who has at least five years of broad professional investment experience
- a person to serve as a public representative
(The last three appointments require Senate confirmation.)

Four board members serve in an ex-officio capacity by virtue of their office: State Superintendent of Public Instruction; State Controller; State Treasurer; and Director, Department of Finance.

The Teachers' Retirement Board sets the policies and makes rules for the California

State Teachers' Retirement System and is responsible for ensuring benefits are paid by the system in accordance with law.

The board appoints a Chief Executive Officer who is responsible for the administration of the system consistent with the board's policies and rules. The board also selects a Chief Investment Officer who is responsible for the investment of the Teachers' Retirement Fund, in accordance with board policy.

The board has six standing committees: Benefits and Services, Budgets and Audits, Executive Compensation, Governance, Health Benefits and Investment (a committee of the whole).

Teachers' Retirement Fund

The Teachers' Retirement Fund is a special trust fund established by law that holds the CalSTRS DB and Cash Balance Benefit programs' assets. The assets come from contributions from employees, employers and the state of California. The fund's investments create a stream of income to add to those assets.

When selecting investments, the Teachers' Retirement Board applies standards of safety, diversification, liquidity and structure for a complete and profitable investment portfolio. The portfolio includes stocks, bonds, real estate and short-term investments. Within these categories, CalSTRS further diversifies by holding a variety of issues within each segment.

As of December 31, 1999, the Teachers' Retirement Fund portfolio market value was \$110.7 billion. Due to its portfolio size, CalSTRS ranks as the nation's largest teacher retirement fund and third largest public pension fund.

For further information about Teachers' Retirement Fund investments, call CalSTRS Teletalk at 800-228-5453 and select message #802. Or visit the CalSTRS Web site at www.calstrs.ca.gov.

